

Problems of the Inventor Under the Atomic Energy Act

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It may be presumed, therefore, that the bailor will allow the bailee to act on his behalf only after he is assured that the bailee will carry on with the utmost consideration, in respect to the bailor's interest in the property. If perchance, the bailee, after consent is given, acts in a manner detrimental to the bailor, the answer will not be that a rule of law, but rather that the bailor's own act denied him the consideration to which he is entitled. If the bailor does not consent to the bailee's suit, there is no problem. The bailor will then pursue his own remedies and he cannot complain of his own deeds whatever their consequences. But what of the wrongdoer? This suggestion involves the possibility of two suits against him. Is it not more efficient for the administration of justice and more just to the wrongdoer to settle the matter in one action? There is undoubtedly merit in these contentions. They are counterbalanced, however, when we realize the inadequate consideration given to the bailor under the present principle and that if it were not for the wrongdoer's action, we would have no problem. Moreover, the policy of eliminating multiplicity of suits whenever possible should not be extended to situations wherein one party may be harmed by its enforcement.

It is apparent that this latter recommendation effectually solves our problem. The introduction of this prerequisite to the bailee's commencement of an action for full damages when he is not liable would produce the resultant effect we are seeking; namely, the full protection of the bailor's interest.

PROBLEMS OF THE INVENTOR UNDER THE ATOMIC ENERGY ACT

Introduction

A strange phenomenon of the so-called Atomic Age is that the Atomic Energy Act itself has received so little public discussion.¹ The Act is a relatively radical departure from the precepts normally followed in government activities.² A huge and powerful government organization is created and private activity in the same field is proscribed.³ Private possession of more than a trifling amount of the source materials of atomic energy is forbidden unless under government license for research or medical purposes.⁴ Even then

¹ See Marks, *The Atomic Energy Act: Public Administration Without Public Debate*, 15 U. OF CHI. L. REV. 809 (1948). Mr. Marks was General Counsel of the Atomic Energy Commission.

² See Miller, *A Law is Passed—The Atomic Energy Act of 1946*, 15 U. OF CHI. L. REV. 799 (1948).

³ 60 STAT. 759, 42 U. S. C. A. 1804(b) (Supp. 1949).

⁴ 60 STAT. 760, 42 U. S. C. A. 1805(a) (Supp. 1949).

virtually every grain must be accounted for.⁵ The Atomic Energy Commission has been discussed as an island of socialism,⁶ presumably on the sea of free enterprise. Yet the apathy of the public has been remarkable, except insofar as personalities and security questions are concerned.⁷

The patent provisions of the act have perhaps been argued more than any specific sections other than those relating to civilian control.⁸ They are possibly the most extreme diversion of the patent law ever made in this country,⁹ and they deserve comment, particularly from the viewpoint of the inventor who has not yet obtained a patent.

The Patent Provisions of the Act

The patent right is only a negative one: the right to exclude others from making, using or selling the patented invention.¹⁰ Since, under the Act there is to be no private ownership of the materiel of atomic energy,¹¹ the patent right has no application in this field.¹² The Act prohibits and revokes any patent rights so far as the invention is useful either in the production of fissionable materials or in their utilization in military weapons.¹³ To the extent which such inventions are in fact used for these purposes, the owner of the invention is entitled to just compensation.¹⁴ If a patented invention is useful solely for either of these purposes, for example, the bomb itself, the patent is revoked and just compensation is made therefor.¹⁵

In addition, any person who makes an invention useful for these purposes is required to file a report and description of it with the Atomic Energy Commission within sixty days, unless he has filed a patent application within that time.¹⁶ The sixty-day period runs either from the completion of the invention,¹⁷ or from the date on

⁵ 11 CODE FED. REG. §§ 40.1-40.62 (Cum. Supp. 1949).

⁶ Cohen, *A Re-examination of the McMahon Act*, 4 BULL. ATOMIC SCIENTISTS 7 (Jan. 1948). See also 92 CONG. REC. 9389-90 (July 17, 1946), 10326-31 (July 26, 1946).

⁷ For example, the extended investigation by the Congressional Joint Committee on Atomic Energy, the so-called Hickenlooper investigation, June 26 through July 11, 1949.

⁸ 92 CONG. REC. 6190 *et seq.* (June 1 to July 29, 1946). See also Miller, *supra* note 2, at 816.

⁹ See Note, *Atomic Energy Provisions and the American Economy*, 97 U. OF PA. L. REV. 389 (1949).

¹⁰ *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U. S. 405 (1908).

¹¹ See note 3 *supra*.

¹² See Ooms, *Patent Provisions of the Atomic Energy Act*, 15 U. OF CHI. L. REV. 822 (1948).

¹³ 60 STAT. 768, 42 U. S. C. A. 1811(a) (1), (2) (Supp. 1949).

¹⁴ 60 STAT. 768, 42 U. S. C. A. 1811(a) (2) (Supp. 1949).

¹⁵ 60 STAT. 768, 42 U. S. C. A. 1811(a) (1) (Supp. 1949).

¹⁶ 60 STAT. 768, 42 U. S. C. A. 1811(a) (3) (Supp. 1949). ◦

¹⁷ The "completion" of an invention requires in patent law a reduction to practice, actual or constructive. *Automatic Weighing Machine Co. v. Pneu-*

which the inventor determines that it is useful in these fields. Failure to report is penalized by forfeiture of the right to an award under the Act.¹⁸ If a patent application is filed, the Commissioner of Patents must notify the Atomic Energy Commission.¹⁹ To effect this end, the Commissioner of Patents has established a special file on atomic energy within the Patent Office.²⁰

It is notable that the Act places virtually no restriction on the definition of the inventions which are affected by the foregoing provisions. It is required only that such an invention be "useful" in the production of fissionable material or in the utilization of a military weapon. Presumably the absence of definition is for the purpose of including the incidental paraphernalia needed for the functioning of an industry of such size. If this interpretation be followed,²¹ the Act embraces instruments, chemical processes and equipment, special hardware and tools, indeed all the varied equipment and methods required for the Commission's vast and unique activities. However, if such inventions are used, the inventor must be compensated.

To award payment for the rights lost, the Act establishes a Patent Compensation Board.²² This board is empowered to hear applications for awards, for just compensation or for reasonable royalty fees. Representation by counsel is guaranteed,²³ and appeal from the final order of the Board may be taken to the Court of Appeals for the District of Columbia.²⁴ In making its determination, the Board is to consider any defenses which may be pleaded by the defendant in an infringement suit,²⁵ including lack of novelty of the invention.

In carrying out its responsibilities, the Commission has established the Patent Compensation Board²⁶ which, up to this time, has heard and rejected two applications for compensation.²⁷ Five other applications were pending on March 31, 1950.²⁸ Beyond this, the

matic Scale Corp., 166 Fed. 288 (1st Cir. 1909). Obviously, in view of the Government's ownership of the raw materials and the equipment of atomic energy, an actual reduction to practice will, in many cases, be impossible. A better interpretation of "completion" might be complete conception. *But cf. supra* note 9, at 400, n. 77.

¹⁸ 60 STAT. 768, 42 U. S. C. A. 1811(e) (2) (C) (Supp. 1949).

¹⁹ 60 STAT. 768, 42 U. S. C. A. 1811(d) (Supp. 1949).

²⁰ Report of the Commission's Patent Advisory Panel, p. 46 (1947).

²¹ See Ooms, *supra* note 12.

²² 60 STAT. 768, 42 U. S. C. A. 1811(e) (1) (Supp. 1949).

²³ 60 STAT. 768, 42 U. S. C. A. 1811(e) (2) (D) (Supp. 1949).

²⁴ 60 STAT. 768, 42 U. S. C. A. 1811(e) (4) (Supp. 1949).

²⁵ 60 STAT. 768, 42 U. S. C. A. 1811(e) (3) (A) (Supp. 1949).

²⁶ 11 CODE FED. REG. § 80 (1948). The members are Caspar W. Ooms, Chairman and former Commissioner of Patents, John V. L. Hogan and Isaac Harter.

²⁷ *In re Fulmer*, 85 U. S. PATENT QUARTERLY 116 (1950); *In re Fletcher and Fletcher*, 84 U. S. PATENT QUARTERLY 386 (1950).

²⁸ Boskey, *Inventions and the Atom*, 50 COL. L. REV. 433, at 438, n. 17 (1950). Mr. Boskey is on the staff of the Commission's General Counsel.

Commission maintains an active Patent Branch whose principal function is to review the technical work of the Commission's laboratories and those of its contractors, and file and prosecute patent applications.²⁹

The filing of patent applications by the Commission serves two purposes. The filing itself constitutes a constructive reduction to practice and is available as a defense against claims of private parties and of foreign governments. Further, since these inventions are made with public funds, and title to them is in the government, they may be made available on an equal basis to all.³⁰ It may be that the evidentiary advantage of filing can be gained by some other method than the tedious, complex and expensive prosecution required for each patent application. It has been suggested³¹ that the filing of an application (or report) in the Patent Office, without further prosecution, might be sufficient. Perhaps the second purpose for filing might be achieved (where security requirements permit) by the recently instituted Patent Office practice of permitting publication in the *Patent Office Gazette* of an abstract of a patent application.³² Within a year after the publication, the application becomes abandoned and the invention is then available for public use. However, if these methods are practiced, the Commission's control of the sometimes dangerous activities related to atomic energy will necessarily be decreased. At present the Commission has at least some discretion in the licensing of the patents it owns. In addition, the ability to bargain with the owner of a needed patent on cross-licensing terms would be lost.

The *quid pro quo* for the grant of the patent monopoly is the disclosure of the invention made by the patent applicant.³³ Opposing such disclosure is the effectiveness added to a weapon by concealment. While the existence of the atomic bomb is known, it is desirable at this time to keep its techniques concealed. The Act declares³⁴ that all information that *concerns* production and use of fissionable materials both in industrial applications and in military weapons is restricted data. Disclosure of such restricted data meets with heavy penalties. The word "concerns" is emphasized because there is no adequate definition of "restricted data," the definition being discretionary with the Commission. Under present conditions, the patent system and the security provisions of the Act meet head on. In addition, the field of application of the security provisions largely

²⁹ Report of the Commission's Patent Advisory Panel, pp. 22-26 (1947).

³⁰ Report of the Commission's Patent Advisory Panel, pp. 40-44 (1947). The Commission has made 155 patents available for licensing on a non-exclusive, royalty-free basis.

³¹ See Report of the Commission's Patent Advisory Panel, p. 43 (1947).

³² Commission's Order of January 25, 1949, 619 O. G. PAT. OFF. 258.

³³ 1 WALKER ON PATENTS 24-28 (Deller's ed. 1937).

³⁴ 60 STAT. 766, 42 U. S. C. A. 1810(b)(1) (Supp. 1949).

encompasses the area in which patent rights are denied. This is the area in which the Patent Compensation Board is to operate.

The conflict between the patent system as an incentive to disclosure and the secrecy requirements of military weapons is not new. When a patent application is the property of the government, its prosecution may be delayed for periods of three years on certification that the invention is "important to the armament or defense of the United States."³⁵ In addition, if the disclosure of the invention described in a filed patent application might be "detrimental to the public safety or defense" in the opinion of the Commissioner of Patents, he is empowered to keep the patent secret and prevent its issue.³⁶ This is accomplished by serving the applicant with a "Secrecy Order," the violation of which may result in a severe punishment. In essence, the application may be impounded. This, then, is the somewhat formidable array of special laws affecting the inventor in the fields of atomic energy.

The Contractors of the Atomic Energy Commission

The scope of the patent rights available to the Commission's contractors is determined by the nature of the contractor's work. However, in each case the Commission reserves the final decision whether and where to file a patent application.³⁷ While the Commission also has the right to dispose of the title to any patent which may issue, its discretion is usually limited when the contractor has an established position in his field and the inventions likely to be made are of only indirect importance to the Commission's activities. Normally then, any patent issued will be assigned to the United States as represented by the Atomic Energy Commission. The limitation placed on the Commission's right to dispose of the title is the retention of an outfield license³⁸ which may be exclusive if the inventions likely to be made are in the usual developmental work of the contractor. The contractor is required to waive rights to an award under the Act for inventions made under the contract and to obtain patent agreements from his employees to effectuate the provisions of

³⁵ 29 STAT. 692 (1897), as amended, 35 U. S. C. A. 37 (1940).

³⁶ 40 STAT. 394 (1917), as amended, 35 U. S. C. A. 42 (1940).

³⁷ See Report of the Commission's Patent Advisory Panel, Appendix A. The General Manager of the Commission has issued a policy manual, G.M.-100, "Patent Articles in Contracts, Sub-contracts and Purchase Orders." This manual contains a guide for classifying contracts according to the types of patent article to be included. The Commission's policy in this respect is also discussed in the Fifth Semi-Annual Report of the Commission, 148-51 (1949). At their meeting in Washington, the American Bar Association's Section of Patent, Trade Mark and Copyright Law recommended disapproval of the Commission's policy. 86 U. S. PATENT QUARTERLY, Number 10, Part I, p. III (September 23, 1950).

³⁸ An outfield license permits practice of the invention for purposes other than those of the Commission, *i.e.*, outside the field of atomic energy.

the contract. The inventor-employee under this arrangement has no difficulty in disposing of an invention made during the contract period. The property in the patent is distributed as the Commission determines, subject of course to the contract.

After the term of the contract, however, the employee is in a somewhat different situation. While employed by the contractor, he is bound to assign inventions he was hired to make.³⁹ If the employment is general, there is no duty to assign.⁴⁰ Most patent-conscious commercial organizations require the assignment of all inventions made in the course of employment as a part of the employment contract.⁴¹ Many require the assignment of inventions made within a limited period after employment is terminated.⁴² Such agreements may be in addition to, or the same as the agreement under the contract with the Commission.⁴³ Since these agreements may be in force after the termination of the contract, the contractor may become the owner of an invention within the proscribed fields defined in the Act. The contractor will then be in the same position as a former employee of the Commission or of the contractor.

Employees of the Atomic Energy Commission

The direct employees of the Commission are bound by patent agreements to assign their inventions to the Commission.⁴⁴ In this the Commission follows the usual commercial practices and the recently instituted practice in many Government departments.⁴⁵ It is not until the employment is terminated that any problem arises.

A particular problem of the inventors who have been associated with the Commission as direct or contractor-employees is posed by a phrase in Section 1811(e)(3) of the Act. In determining the compensation to be awarded, the Patent Compensation Board is to consider the "extent to which [the invention] was developed through

³⁹ *Standard Parts Company v. Peck*, 264 U. S. 52 (1924).

⁴⁰ *United States v. Dubilier Condenser Corp.*, 289 U. S. 178 (1933).

⁴¹ See Cornfeld, *The Employer-Employee Relation in Patent Law*, 32 J. PAT. OFF. SOC'Y 345 (1950); Knoth, *Assignments of Future Inventions, Particularly as Between Employers and Employees*, 31 J. PAT. OFF. SOC'Y 532 (1949).

⁴² See Knoth, *supra* note 41.

⁴³ Employee patent agreements under a Commission contract are subject to approval by the Commission's Patent Branch. Report of the Commission's Patent Advisory Panel, p. 24 (1947).

⁴⁴ Report of the Commission's Patent Advisory Panel, p. 23 (1947).

⁴⁵ Exec. Order, January 23, 1950, 15 CODE FED. REG. § 389 (1950). This order requires an absolute assignment of all inventions "made by any Government employee (1) during working hours, or (2) with a contribution by Government of facilities, equipment, materials, funds or information, or of time or services of other Government employees on official duty, or (3) which bear a direct relation to or are made in consequence of the official duties of the inventor." This is obviously a more stringent policy toward contractors than that pursued by the Commission, which is not affected by the order.

federally financed research."⁴⁶ Most of the Commission's activities have been carried out in complete secrecy. Accordingly, the information, and usually the training, necessary to make an invention in this field, can be said to have been obtained through "federally financed research." This may offer the Commission at least a partial defense to the claim of such an inventor.⁴⁷ The information is available nowhere else. Aside from this provision, the position of the former associate of the Commission is much the same as that of the newcomer to the field.

Inventors Unassociated with the Commission

When a person not associated with the Commission has made an invention useful in the specific fields enumerated in the Atomic Energy Act, he is confronted immediately with the problem of selling it. He cannot enter the business of producing fissionable materials or of making atomic bombs. His only customer is the Atomic Energy Commission. He may be unable to obtain a patent because the invention is useful only in the production of a fissionable material or in its utilization in an atomic bomb. For this, there is no right to compensation.⁴⁸ If the Commission uses the invention, the owner of it may either reach agreement with the Commission on his compensation or he may apply for an award before the Patent Compensation Board. Otherwise he has no recourse, and this is so whether the invention is solely or only incidentally useful in the fields preempted. Of course, in the latter event, sale of the invention may be made to others, provided it does not fall into the category of restricted data.

Having met the requirements for an application before the Patent Compensation Board,⁴⁹ the inventor faces the companion hurdles of "restricted data" and "just compensation." Proof of the extent to which many inventions are used by the Commission must often depend at least partially on restricted data. Whether this will require security clearance in every case for the applicant, his counsel, and so on, is doubtful. Certainly there will be at least a small number of cases which absolutely require access to restricted data. Thus, the inventor may find it difficult or impossible to obtain access to the very

⁴⁶ 60 STAT. 768, 42 U. S. C. A. 1811(e)(3) (Supp. 1949). Compare the provisions of the Executive Order of January 23, 1950, *supra* note 45.

⁴⁷ Cf. *Dreckschmidt v. Schaefer et al.*, 46 App. D. C. 295, 246 O. G. PAT. OFF. 301 (1917); *Stresau v. Ipsen*, 77 F. 2d 937 (C. C. P. A. 1935). The defense raised is similar to the defense of possibility of derivation in a patent interference proceeding.

⁴⁸ The second sentence of 42 U. S. C. A. 1811(a)(1) is: "Any patent for any such invention or discovery is hereby revoked, and just compensation shall be made therefor." (Emphasis added.) Only patents granted prior to the Act are affected.

⁴⁹ 60 STAT. 768, 42 U. S. C. A. 1811(e)(2) (Supp. 1949).

data necessary to prove the value of his inventions or even that it has been used. The Government is permitted to withhold evidence detrimental to national security.⁵⁰ Some suggestions to remedy this problem have been made; for example, an *in camera* type of proceeding.⁵¹

The problem of evaluating the invention is an equally difficult one. While the question "how much is an atomic bomb worth?" is hardly indicative of the problem to be faced, the complexities of fixing a price are certain to be great. The entire industry is so new, its methods and equipment so different,⁵² that a standard for reasonable payment will be difficult to establish. There is no basis for comparison. Perhaps cost accounting procedures will be of some assistance in weighing improvement inventions. The wisdom of a Solomon will be needed in evaluating basic inventions.

Conclusion

This summary is far from being a complete catalog of the problems of the inventor in the field of atomic energy. The Atomic Energy Act has, if nothing else, increased the complexity of the already intricate patent law. Perhaps the Act serves best as an illustration of a law of physics, that, to every action, there is an opposite reaction. Technology has spawned the atomic industry, and in return, technology has had its own traditions imposed upon.

THE RIGHT OF A SURVIVING SPOUSE TO ATTACK AN ILLUSORY TRANSFER — TOTTEN TRUSTS

When the common law rights of dower and curtesy were abolished in New York State,¹ Section 18 of the Decedent Estate Law was enacted with the intent and purpose of increasing the interest of a surviving spouse in the property of the deceased. In the place of these former rights, the survivor was given a personal right of election to take his or her share as in intestacy against, or in the absence of, a provision in the testator's will. This section, amounting, in effect, to a statutory limitation on the power of an owner of

⁵⁰ *Pollen v. United States*, 85 Ct. Cl. 673, 58 F. Supp. 653 (1937); 62 STAT. 977, 28 U. S. C. 2507 (1948).

⁵¹ Boskey, *supra* note 28, at 445-6.

⁵² For an illustration of the complicating factors, see the Commission's Eighth Semi-Annual Report, pp. 3-161 (1950).

¹ N. Y. REAL PROPERTY LAW §§ 189, 190.